

**VILLAGE OF EDGEFIELD
ANNUAL FINANCIAL REPORT**

DECEMBER 31, 2014

Village of Edgefield
Financial Report
December 31, 2014

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Financial Report
December 31, 2014

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VILLAGE OF EDGEFIELD

P. O. Box 397

Coushatta, LA 71019-0397

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of the Village of Edgefield's financial performance presents a narrative overview and analysis of the Village's financial activities for the year ended December 31, 2014. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the Village of Edgefield's financial statements, which begin on page 9.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. These statements tell how the services were financed in the short-term as well as what remains for future spending.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities. The Village uses funds to ensure and demonstrate compliance with finance related laws and regulations. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources at the end of the year. As the Government-Wide Financial Statements includes the long-term view, comparisons between these two views may provide insight into the long-term impact of short-term financing decreases. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the difference between these two views.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position

| | 2014 | | | 2013 | | |
|--|-----------------------------------|------------------------------------|------------------|-----------------------------------|------------------------------------|------------------|
| | Governmental <u>Activities</u> | Business-Type <u>Activities</u> | <u>Total</u> | Governmental <u>Activities</u> | Business-Type <u>Activities</u> | <u>Total</u> |
| ASSETS: | | | | | | |
| Assets | \$32,190 | \$176,898 | \$209,088 | \$31,675 | \$164,621 | \$196,296 |
| Capital Assets, Net of Accumulated Depreciation | <u>11,042</u> | <u>80,080</u> | <u>91,122</u> | <u>11,367</u> | <u>88,510</u> | <u>99,877</u> |
| Total Assets | <u>\$43,232</u> | <u>\$256,978</u> | <u>\$300,210</u> | <u>\$43,042</u> | <u>\$253,131</u> | <u>\$296,173</u> |
| LIABILITIES: | | | | | | |
| Accounts Payable | \$ 1,647 | \$ 1,306 | \$ 2,953 | \$ 1,535 | \$ 1,117 | \$ 2,652 |
| Customer Deposits Payable | <u>0</u> | <u>11,825</u> | <u>11,825</u> | <u>0</u> | <u>11,825</u> | <u>11,825</u> |
| Total Liabilities | <u>\$ 1,647</u> | <u>\$ 13,131</u> | <u>\$ 14,778</u> | <u>\$ 1,535</u> | <u>\$ 12,942</u> | <u>\$ 14,477</u> |
| NET POSITION: | | | | | | |
| Net Investment in Capital Assets | \$11,042 | \$ 80,080 | \$ 91,122 | \$11,367 | \$ 88,510 | \$ 99,877 |
| Unrestricted | <u>30,543</u> | <u>163,767</u> | <u>194,310</u> | <u>30,140</u> | <u>151,679</u> | <u>181,819</u> |
| Total Net Position | <u>\$41,585</u> | <u>\$243,847</u> | <u>\$285,432</u> | <u>\$41,507</u> | <u>\$240,189</u> | <u>\$281,696</u> |

Summary of Statement of Activities

| | 2014 | | | 2013 | | |
|---|----------------------------|-----------------------------|------------------|----------------------------|-----------------------------|-------------------|
| | Governmental Activities | Business-Type Activities | Total | Governmental Activities | Business-Type Activities | Total |
| REVENUES: | | | | | | |
| Charges for Services | \$19,967 | \$76,052 | \$ 96,019 | \$19,030 | \$ 84,208 | \$103,238 |
| Capital & Operating Grants & Contributions | 0 | 17,102 | 17,102 | 0 | 7,719 | 7,719 |
| General Revenues- | | | | | | |
| Licenses & Permits | 8,453 | 0 | 8,453 | 8,573 | 0 | 8,573 |
| Interest, Miscellaneous | <u>76</u> | <u>364</u> | <u>440</u> | <u>632</u> | <u>360</u> | <u>992</u> |
| Total Revenues | <u>\$28,496</u> | <u>\$93,518</u> | <u>\$122,014</u> | <u>\$28,235</u> | <u>\$ 92,287</u> | <u>\$120,522</u> |
| EXPENSES: | | | | | | |
| General Government | \$28,418 | \$ 0 | \$ 28,418 | \$22,181 | \$ 0 | \$ 22,181 |
| Operating Expenses | <u>0</u> | <u>89,860</u> | <u>89,860</u> | <u>0</u> | <u>107,503</u> | <u>107,503</u> |
| Total Expenses | <u>\$28,418</u> | <u>\$89,860</u> | <u>\$118,278</u> | <u>\$22,181</u> | <u>\$107,503</u> | <u>\$129,684</u> |
| Change in Net Position | <u>\$ 78</u> | <u>\$ 3,658</u> | <u>\$ 3,736</u> | <u>\$ 6,054</u> | <u>\$ (15,216)</u> | <u>\$ (9,162)</u> |

Governmental Activities

- The Village's assets exceeded its liabilities by \$41,585. This is an increase of \$78 from last year.
- Unrestricted net position of \$30,543 represents the portion available to maintain the Village's obligation to both citizens and creditors. Last year this was \$30,140.

Business-Type Activities

- The water/sewer fund experienced a gain in net position of \$3,658 for the year.

General Fund Budgetary Highlights

For the year ended December 31, 2014, actual revenues were less than budgeted revenues by \$566 and actual expenditures were more than budgeted expenditures by \$112.

Economic Factors and Next Year's Budget

The Village has prepared its 2015 budget for the General Fund on the assumption that revenues and expenditures will remain fairly constant next year. Both revenues and expenditures for the Utility Enterprise Fund should also remain constant during the next year.

Contacting the Village

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Village at P. O. Box 397, Coushatta, LA 71019-0397.

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation

Roger M. Cunningham, CPA - A Professional Corporation

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321 Bienville Street
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Mayor and Board of Aldermen
Village of Edgefield
P. O. Box 397
Coushatta, Louisiana 71019-0397

We have reviewed the accompanying financial statements of the governmental activities, business-type activities, and major fund of the Village of Edgefield as of and for the year ended December 31, 2014, which collectively comprise the Village's basic financial statements as listed in the Table of Contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Village's personnel. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the Village is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The management's discussion and analysis, budgetary comparison information, and Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer on pages 1 through 4, 30 and 31, are presented for purposes of additional analysis. Such information, although not a required part of the basic financial

statements, is required by the *Governmental Accounting Standards Board*, or Louisiana State Law, who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The information included in the budgetary comparison has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto. The information included in the management's discussion and analysis and Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer have not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from information that is the representation of management. We have not audited or reviewed the management's discussion and analysis or the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer and accordingly, we do not express an opinion or any other form of assurance on them.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated April 21, 2015, on the results of our agreed-upon procedures on page 32 through 34. Page 35 through 36 presents the Louisiana Attestation Questionnaire.

Johnson, Thomas + Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

April 21, 2015
Natchitoches, LA 71457

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Village of Edgefield
Statement of Net Position
December 31, 2014

| | Governmental <u>Activities</u> | Business-Type <u>Activities</u> | <u>Total</u> |
|----------------------------------|-----------------------------------|------------------------------------|------------------|
| ASSETS: | | | |
| Current Assets: | | | |
| Cash & Cash Equivalents | \$30,414 | \$159,429 | \$189,843 |
| Revenue Receivable | <u>1,776</u> | <u>5,644</u> | <u>7,420</u> |
| Total Current Assets | <u>\$32,190</u> | <u>\$165,073</u> | <u>\$197,263</u> |
| Non-current Assets: | | | |
| Restricted Assets- | | | |
| Customers' Meter Deposits | \$ 0 | \$ 11,825 | \$ 11,825 |
| Capital Assets (net) | <u>11,042</u> | <u>80,080</u> | <u>91,122</u> |
| Total Non-current Assets | <u>\$11,042</u> | <u>\$ 91,905</u> | <u>\$102,947</u> |
| Total Assets | <u>\$43,232</u> | <u>\$256,978</u> | <u>\$300,210</u> |
| LIABILITIES: | | | |
| Current Liabilities: | | | |
| Accounts Payable | \$ 1,647 | \$ 1,306 | \$ 2,953 |
| Non-current Liabilities: | | | |
| Payable from Restricted Assets- | | | |
| Customers' Meter Deposits | <u>0</u> | <u>11,825</u> | <u>11,825</u> |
| Total Liabilities | <u>\$ 1,647</u> | <u>\$ 13,131</u> | <u>\$ 14,778</u> |
| NET POSITION: | | | |
| Net Investment in Capital Assets | \$11,042 | \$ 80,080 | \$ 91,122 |
| Unrestricted | <u>30,543</u> | <u>163,767</u> | <u>194,310</u> |
| Total Net Position | <u>\$41,585</u> | <u>\$243,847</u> | <u>\$285,432</u> |

See accompanying notes and independent accountant's review report.

Village of Edgefield
Statement of Activities
December 31, 2014

| <u>Activities</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Changes in Net Position</u> | | |
|--------------------------------|------------------|-------------------------------------|---|---|--|-------------------------------------|-------------------|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Government Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
| Governmental Activities: | | | | | | | |
| General Government | \$ 28,418 | \$19,967 | \$ 0 | \$0 | \$ (8,451) | \$ 0 | \$ (8,451) |
| Business-Type Activities: | | | | | | | |
| Water/Sewer | <u>89,860</u> | <u>76,052</u> | <u>17,102</u> | <u>0</u> | <u>0</u> | <u>3,294</u> | <u>3,294</u> |
| Total Government | <u>\$118,278</u> | <u>\$96,019</u> | <u>\$17,102</u> | <u>\$0</u> | <u>\$ (8,451)</u> | <u>\$ 3,294</u> | <u>\$ (5,157)</u> |
| General Revenues: | | | | | | | |
| Licenses & Permits | | | | | \$ 8,453 | \$ 0 | \$ 8,453 |
| Interest & Miscellaneous | | | | | <u>76</u> | <u>364</u> | <u>440</u> |
| Total General Revenues | | | | | <u>\$ 8,529</u> | <u>\$ 364</u> | <u>\$ 8,893</u> |
| Change in Net Position | | | | | \$ 78 | \$ 3,658 | \$ 3,736 |
| Net Position January 1, 2014 | | | | | <u>41,507</u> | <u>240,189</u> | <u>281,696</u> |
| Net Position December 31, 2014 | | | | | <u>\$41,585</u> | <u>\$243,847</u> | <u>\$285,432</u> |

See accompanying notes and independent accountant's review report.

FUND FINANCIAL STATEMENTS

Village of Edgefield
Balance Sheet-Governmental Fund
December 31, 2014

Assets:

| | |
|-------------------------|-----------------|
| Cash & Cash Equivalents | \$30,414 |
| Revenue Receivable | <u>1,776</u> |
| Total Assets | <u>\$32,190</u> |

Liabilities:

| | |
|------------------|----------|
| Accounts Payable | \$ 1,647 |
|------------------|----------|

Fund Balance:

| | |
|----------------------------------|-----------------|
| Unassigned | <u>30,543</u> |
| Total Liabilities & Fund Balance | <u>\$32,190</u> |

See accompanying notes and independent accountant's review report.

Village of Edgefield
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position
December 31, 2014

| | |
|--|-----------------|
| Total Fund Balance for the Governmental Fund at December 31, 2014 | \$30,543 |
| Amounts reported for Governmental Activities in the Statement of Net Position are different because: | |
| Capital Assets used in Governmental Activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet- | |
| Land, Equipment, Buildings, and Vehicles | 16,800 |
| Less: Accumulated Depreciation | <u>(5,758)</u> |
| Total Net Position of Governmental Activities at December 31, 2014 | <u>\$41,585</u> |

See accompanying notes and independent accountant's review report.

Village of Edgefield
Statement of Revenues, Expenditures and Changes in Fund Balance-
Governmental Fund
Year Ended December 31, 2014

REVENUES:

| | |
|--------------------------|-----------------|
| Licenses & Permits | \$ 8,453 |
| Charges for Services | 19,967 |
| Interest & Miscellaneous | <u>76</u> |
| Total Revenues | <u>\$28,496</u> |

EXPENDITURES:

| | |
|---------------------|-----------------|
| Current- | |
| General Government- | |
| Insurance | \$ 2,087 |
| Garbage Expense | 13,741 |
| Office | 6,035 |
| Utilities/Telephone | 5,030 |
| Legal | <u>1,200</u> |
| Total Expenditures | <u>\$28,093</u> |

Excess of Revenues over Expenditures \$ 403

Fund Balance-Beginning of Year 30,140

Fund Balance-End of Year \$30,543

See accompanying notes and independent accountant's review report.

Village of Edgefield
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
For the Year Ended December 31, 2014

| | |
|--|--------|
| Net Change in Fund Balance-Governmental Fund | \$ 403 |
|--|--------|

Amounts reported for Governmental Activities
in the Statement of Activities are different because:

Depreciation expense on Capital Assets is reported
in the Government-wide Financial Statements, but
does not require the use of current financial resources
and is not reported in the Fund Financial Statements.

| | |
|--------------------------------------|--------------|
| Current year depreciation expense is | <u>(325)</u> |
|--------------------------------------|--------------|

| | |
|--|--------------|
| Change in Net Position per Statement of Activities | \$ <u>78</u> |
|--|--------------|

See accompanying notes and independent accountant's review report.

Village of Edgefield
Statement of Net Position
Proprietary Fund
December 31, 2014

| | Water/Sewer <u>Total</u> |
|----------------------------------|-----------------------------|
| ASSETS: | |
| Current Assets: | |
| Cash & Cash Equivalents | \$159,429 |
| Revenue Receivable | <u>5,644</u> |
| Total Current Assets | <u>\$165,073</u> |
| Non-current Assets: | |
| Restricted Assets- | |
| Customers' Meter Deposits | \$ 11,825 |
| Capital Assets, Net | <u>80,080</u> |
| Total Non-current Assets | <u>\$ 91,905</u> |
| Total Assets | <u>\$256,978</u> |
| LIABILITIES: | |
| Current Liabilities: | |
| Accounts Payable | \$ 1,306 |
| Non-current Liabilities: | |
| Payable from Restricted Assets- | |
| Customers' Meter Deposits | <u>11,825</u> |
| Total Liabilities | <u>\$ 13,131</u> |
| NET POSITION: | |
| Net Investment in Capital Assets | \$ 80,080 |
| Unrestricted | <u>163,767</u> |
| Total Net Position | <u>\$243,847</u> |

See accompanying notes and independent accountant's review report.

Village of Edgefield
Statement of Revenues, Expenses and Changes in Net Position-
Proprietary Fund
December 31, 2014

| | Water/Sewer <u>Total</u> |
|---|-----------------------------|
| OPERATING REVENUES: | |
| Charges for Services | \$ <u>76,052</u> |
| OPERATING EXPENSES: | |
| Personnel Services | \$ 11,327 |
| Operations & Maintenance | 70,103 |
| Depreciation | <u>8,430</u> |
| Total Operating Expenses | \$ <u>89,860</u> |
| Operating Income (Loss) | \$ <u>(13,808)</u> |
| Non-Operating Revenues: | |
| State Grants | \$ 17,102 |
| Interest Income | <u>364</u> |
| Total Non-Operating Revenues | \$ <u>17,466</u> |
| Change in Net Position | \$ 3,658 |
| Total Net Position at Beginning of Year | <u>240,189</u> |
| Total Net Position at End of Year | <u>\$243,847</u> |

See accompanying notes and independent accountant's review report.

Village of Edgefield
Statement of Cash Flows
Proprietary Fund
December 31, 2014

| | Water/Sewer <u>Total</u> |
|--|-----------------------------|
| Cash Flows from Operating Activities: | |
| Cash Received from Customers | \$ 78,484 |
| Cash Paid to Suppliers | (71,290) |
| Cash Paid to Employees | <u>(11,327)</u> |
| Net Cash Provided (Used) By Operating Activities | \$ <u>(4,133)</u> |
| Cash Flows from Investing Activities: | |
| Interest and Dividends | \$ <u>364</u> |
| Cash Flows from Capital and Related Financing Activities: | |
| State Grants | \$ <u>17,102</u> |
| Net Increase in Cash & Cash Equivalents | \$ 13,333 |
| Cash and Cash Equivalents at Beginning of Year | <u>157,921</u> |
| Cash and Cash Equivalents at End of Year | <u>\$171,254</u> |
| Reconciliation of Operating Income (loss) to Net Cash Provided (used) by Operating Activities: | |
| Operating Income (loss) | \$ (13,808) |
| Adjustments to Reconcile Operating Income (loss) to Net Cash Provided (used) by Operating Activities: | |
| Depreciation Expense | 8,430 |
| Changes in Assets and Liabilities: | |
| (Increase) Decrease in Accounts and Other Receivables | 1,056 |
| Increase (Decrease) in Accounts and Other Payables | <u>189</u> |
| Net Cash Provided (Used) by Operating Activities | \$ <u>(4,133)</u> |
| Cash & Cash Equivalents- | |
| Operating Accounts | \$159,429 |
| Customer's Meter Deposits | <u>11,825</u> |
| Total | <u>\$171,254</u> |

See accompanying notes and independent accountant's review report.

NOTES TO FINANCIAL STATEMENTS

Village of Edgefield
Notes to Financial Statements
December 31, 2014

Introduction:

The Village of Edgefield is incorporated under the Lawrason Act with a Mayor-Board of Aldermen form of government. The executive branch of government is headed by the Mayor and a Legislative branch consisting of three Aldermen.

The Village's operations include police, streets and drainage, and general and administrative services. In addition, the Village operates a Utility System which provides water and sewer services.

1. Summary of Significant Accounting Policies:

A. REPORTING ENTITY-

The Village is the basic level of government which has financial accountability and control over all activities related to the Village operations and services provided. The Village is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since the Village Mayor and Board of Aldermen are elected by the public and have decision making authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the Village's reporting entity.

The financial statements of the Village of Edgefield, Louisiana are prepared in accordance with generally accepted accounting principles (GAAP). The Village of Edgefield's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

B. BASIS OF PRESENTATION-

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Position presents the government-type activities on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

Village of Edgefield
Notes to Financial Statements
December 31, 2014

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

C. FUND ACCOUNTING-

The accounts of the Village are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The Village has two funds, a governmental fund and a proprietary fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Village considers both funds to be major:

Governmental Fund-

General Fund

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Village of Edgefield
Notes to Financial Statements
December 31, 2014

Proprietary Fund-

Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Village's enterprise fund is the Utility Fund.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Village as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers all revenues "available" if collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

Village of Edgefield
Notes to Financial Statements
December 31, 2014

E. CASH AND INTEREST-BEARING DEPOSITS-

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the Village.

F. CAPITAL ASSETS-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

| | |
|---------------------------------|-------------|
| Buildings and improvements | 40 years |
| Equipment and vehicles | 3-14 years |
| Utility system and improvements | 10-50 years |

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

G. RESTRICTED ASSETS-

Restricted assets include cash, interest-bearing deposits, and investments of the proprietary fund that are legally restricted as to their use. The restricted assets are related to utility meter deposits.

H. COMPENSATED ABSENCES-

There is no formal leave policy for the Village, therefore no entry is made to record compensated absences.

Village of Edgefield
Notes to Financial Statements
December 31, 2014

I. EQUITY CLASSIFICATIONS-

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Village of Edgefield
Notes to Financial Statements
December 31, 2014

- e. Unassigned fund balance - amounts that are available for any purpose. Only the General Fund would report positive amounts in unassigned fund balance.

The General Fund, the Village's only governmental fund, has an unassigned fund balance of \$30,543. If applicable, the Village would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

J. ESTIMATES-

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenue, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

K. OPERATING REVENUES AND EXPENSES-

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

L. EXPENDITURES/EXPENSES-

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character
Proprietary Fund - By Operating and Non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

M. BUDGETS AND BUDGETARY ACCOUNTING-

The Village utilizes the following procedures in establishing the budgetary data reflected in the financial statements.

1. The Clerk prepares the budget, which is to be submitted to the Board of Aldermen at the December meeting of the Board.

Village of Edgefield
Notes to Financial Statements
December 31, 2014

2. The budget can be amended after adoption, by the Clerk submitting an amended budget to the Board, and adoption by the Board.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. The budget for the General Fund is adopted on the modified accrual basis of accounting.

N. INVENTORIES-

Water system supplies used in the proprietary fund are expensed when purchased since the amount on hand, if any, is not material in amount.

O. RETIREMENT COMMITMENTS-

The Village of Edgefield is not covered by any pension system.

2. Cash and Cash Equivalents:

The cash and cash equivalents of the Village of Edgefield are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Village that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Village's name.

Bank account balances at December 31, 2014, totaled \$168,266 and was fully secured by FDIC Insurance.

3. Receivables:

The following is a summary of receivables at December 31, 2014:

| <u>Class of Receivable</u> | <u>General Fund</u> | <u>Proprietary Fund</u> |
|----------------------------|---------------------|-------------------------|
| Charges for Services | \$1,776 | \$ 0 |
| Water/Sewer Sales | <u>0</u> | <u>5,644</u> |
| Total | <u>\$1,776</u> | <u>\$5,644</u> |

Substantially all receivables are considered to be collectible and no allowance for bad debts is used.

Village of Edgefield
Notes to Financial Statements
December 31, 2014

4. Capital Assets:

Capital asset balances and activity for the year ended December 31, 2014, is as follows:

| Governmental Activities | Balance 01-01-14 | Additions | Deletions | Balance 12-31-14 |
|----------------------------------|---------------------|-----------|-----------|---------------------|
| Capital Assets Not Depreciated: | | | | |
| Land | \$ 1,500 | \$ 0 | \$0 | \$ 1,500 |
| Capital Assets Depreciated: | | | | |
| Building | \$ 13,000 | \$ 0 | \$0 | \$ 13,000 |
| Office Equipment & Fixtures | 2,300 | 0 | 0 | 2,300 |
| Total Capital Assets Depreciated | \$ 15,300 | \$ 0 | \$0 | \$ 15,300 |
| Total Assets | \$ 16,800 | \$ 0 | \$0 | \$ 16,800 |
| Less: Accumulated Depreciation | | | | |
| Building | \$ 3,133 | \$ 325 | \$0 | \$ 3,458 |
| Office Equipment & Fixtures | 2,300 | 0 | 0 | 2,300 |
| Total Accumulated Depreciation | \$ 5,433 | \$ 325 | \$0 | \$ 5,758 |
| Net Capital Assets | \$ 11,367 | \$ (325) | \$0 | \$ 11,042 |

| Business Type Activities | Balance 01-01-14 | Additions | Balance Deletions | Balance 12-31-14 |
|----------------------------------|---------------------|-----------|----------------------|---------------------|
| Capital Assets Not Depreciated: | | | | |
| Land | \$ 319 | \$ 0 | \$0 | \$ 319 |
| Capital Assets Depreciated: | | | | |
| Plant & Equipment-Water System | 191,159 | \$ 0 | \$0 | 191,159 |
| Plant & Equipment-Sewer System | 249,260 | 0 | 0 | 249,260 |
| Total Capital Assets Depreciated | \$440,419 | \$ 0 | \$0 | \$440,419 |
| Total Assets | \$440,738 | \$ 0 | \$0 | \$440,738 |
| Less: Accumulated Depreciation | | | | |
| Plant & Equipment-Water System | \$160,334 | \$ 2,420 | \$0 | \$162,754 |
| Plant & Equipment-Sewer System | 191,894 | 6,010 | 0 | 197,904 |
| Total Accumulated Depreciation | \$352,228 | \$ 8,430 | \$0 | \$360,658 |
| Net Capital Assets | \$ 88,510 | \$(8,430) | \$0 | \$ 80,080 |

Village of Edgefield
Notes to Financial Statements
December 31, 2014

Depreciation expense of \$325 was charged to the general government function for governmental activities.

Depreciation expense of \$8,430 was charged to business-type activities as follows:

| | |
|--------------------|----------------|
| Water | \$2,420 |
| Sewer | <u>6,010</u> |
| Total Depreciation | <u>\$8,430</u> |

5. Village Officials:

The following is a summary of payments to Village officials during the year.

| <u>Name</u> | <u>Position</u> | <u>Payments</u> |
|----------------|-----------------|-----------------|
| Jimmy Stothart | Alderman | \$1,200 |
| David Layfield | Alderman | 1,200 |
| Trish Gamble | Alderman | 1,200 |
| Vince Almond | Mayor | <u>1,500</u> |
| Total | | <u>\$5,100</u> |

6. Subsequent Events:

Management has evaluated events through April 21, 2015, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED
SUPPLEMENTAL INFORMATION

Village of Edgefield
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2014

| | <u>Budget</u> | | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--------------------------------------|-----------------|-----------------|-----------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Licenses & Permits | \$ 8,592 | \$ 8,473 | \$ 8,453 | \$ (20) |
| Charges for Services | 20,364 | 20,512 | 19,967 | (545) |
| Interest & Miscellaneous | <u>72</u> | <u>77</u> | <u>76</u> | <u>(1)</u> |
| Total Revenues | <u>\$29,028</u> | <u>\$29,062</u> | <u>\$28,496</u> | <u>\$(566)</u> |
| EXPENDITURES: | | | | |
| Current- | | | | |
| General Government- | | | | |
| Insurance | \$ 1,776 | \$ 2,087 | \$ 2,087 | \$ 0 |
| Garbage Expense | 13,560 | 13,696 | 13,741 | (45) |
| Office | 6,054 | 5,947 | 6,035 | (88) |
| Utilities/Telephone | 5,568 | 5,051 | 5,030 | 21 |
| Legal | <u>1,200</u> | <u>1,200</u> | <u>1,200</u> | <u>0</u> |
| Total Expenditures | <u>\$28,158</u> | <u>\$27,981</u> | <u>\$28,093</u> | <u>\$(112)</u> |
| Excess of Revenues over Expenditures | \$ 870 | \$ 1,081 | \$ 403 | \$(678) |
| Fund Balance-Beginning of Year | <u>30,140</u> | <u>30,140</u> | <u>30,140</u> | <u>0</u> |
| Fund Balance-End of Year | <u>\$31,010</u> | <u>\$31,221</u> | <u>\$30,543</u> | <u>\$(678)</u> |

See independent accountant's review report.

Village of Edgefield
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended December 31, 2014

Agency Head Name: Vince Almond, Mayor

| <u>Purpose</u> | <u>Amount</u> |
|--------------------------------|----------------|
| Salary | \$1,500 |
| Benefits-Insurance | 0 |
| Benefits-Retirement | 0 |
| Deferred Compensation | 0 |
| Benefits-Social Security | 93 |
| Benefits-Medicare | 22 |
| Car allowance | 0 |
| Vehicle provided by government | 0 |
| Cell phone | 0 |
| Dues | 0 |
| Vehicle rental | 0 |
| Per diem | 0 |
| Reimbursements | 0 |
| Travel | 0 |
| Registration fees | 0 |
| Conference travel | 0 |
| Housing | 0 |
| Unvouchered expenses | 0 |
| Special meals | 0 |
| Other | <u>0</u> |
| Total | <u>\$1,615</u> |

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation

Roger M. Cunningham, CPA - A Professional Corporation

Jessica H. Broadway, CPA - A Professional Corporation

Ryan E. Todtenbier, CPA - A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Alderman of
The Village of Edgefield

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Village of Edgefield and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Edgefield's compliance with certain laws and regulations during the year ended December 31, 2014, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

PUBLIC BID LAW

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditures found to be in violation.

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1424 (the code of ethics), and a list of outside business interest of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedures (3) were also included on the listing obtained from management in agreed-upon procedures (2) as immediate family members.

No violations found.

BUDGETING

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget and amendment.

6. Trace the budget and amendment adoption to the minute book.

We traced the adoption of the budget and amendment to the minute book.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

Actual revenues and expenditures were within the 5% variance allowed.

ACCOUNTING AND REPORTING

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee:

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account:

Each disbursement appeared to be coded correctly.

- (c) determine whether payments received approval from proper authorities:

Inspection of supporting documentation showed written approval. In addition, non-recurring entries were discussed and approved in the minutes.

MEETINGS

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Village is only required to post a notice of each meeting and the accompanying agenda on the door of the Village's office building. Management has asserted that such documents were properly posted.

DEBT

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or any other indebtedness which have not been approved by the State Bond Commission.

We inspected copies of all bank deposits for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds or other indebtedness which had not been approved by the State Bond Commission.

ADVANCES AND BONUSES

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

No violations found.

Our prior report, dated May 20, 2014, did not contain any comments or unresolved matters.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Village of Edgefield and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

April 21, 2015
Natchitoches, Louisiana

VILLAGE OF EDGEFIELD
LOUISIANA ATTESTATION QUESTIONNAIRE

Johnson, Thomas & Cunningham, CPA's
321 Bienville Street
Natchitoches, LA 71457

In connection with your review of our financial statements as of December 31, 2014, and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of December 31, 2014.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes ☒ No ☐

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes ☒ No ☐

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-16), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes ☒ No ☐

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463, where applicable.

Yes ☒ No ☐

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes ☒ No ☐

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief financial officer.

Yes ☒ No ☐

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:1 1 through 42:13.

Yes ☒ No ☐

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes ☒ No ☐

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

Signed by and title

